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ARAB UNITY ON THE ROCKS

Sadat & Israel: A Separate Peace?

In his dazzling peace moves, President Anwar Sadat of Egypt has discarded the bulk of the nationalist conventions which dominated Arab politics for three decades. In doing so, Sadat has also ended Egypt's claim to leadership based on a synthesis of Arab viewpoints. Only some relatively insignificant pro-Western powers in the Arab world are giving him unequivocal support: Morocco, Tunisia, Sudan and Oman. But so far Sadat's unequivocal critics also comprise a rather limited group: the hard-line radical states of Libya and Iraq (which are competing for leadership of the anti-Sadat forces), the Marxist government of South Yemen, and the somewhat more influential nationalist government of Algeria.

The most dramatic result of the Sadat-initiated talks is that they seem to have very nearly destroyed the concept of a middle ground, a moderate center between the extremes of Arab politics. This middle ground has in the past been the foundation of Arab unity, a concept to which the reactionary sheiks and sultans paid lip service alongside radical military rulers and liberal parliamentarians in the diverse political cultures extending from North Africa to the tip of Arabia. Egypt, and to a lesser extent Syria, held the key to Arab unity. Their status as Israel's frontline confrontation states won them sympathy from the radical governments, while they pursued increasingly pro-Western global and domestic policies which were welcomed by the conservative monarchies.

Saudi Arabia, though restrained in its criticism of Sadat's peace moves, has nonetheless repudiated unilateral initiatives, saying that only efforts stemming from a unified Arab posture can hope to succeed. What alarms the Syrians and Saudis is that Sadat may have abandoned hope of a comprehensive Mideast settlement in favor of a separate peace with Israel. This prospect has also caused some anxiety in Washington and Moscow. The Carter administration has consistently advocated a comprehensive Geneva settlement, in the belief that no peace will be stable unless all the interested parties—including the Palestinians and the Soviets—are implicated in the settlement. The Soviet Union, in turn, wants Geneva talks reconvened so that it can use its own diplomatic leverage to support its Arab allies and to convince those allies that Moscow is indeed a friend worth having.

Until last month, Geneva talks represented the objective of a broad consensus of Arab opinion, and the opponents of Geneva contemplated nothing more than verbal objections to record their dissent. Even among Palestinian dissidents, there has been an absence of commando actions aimed at disrupting efforts to secure moderate Palestinian participation in talks. Though Sadat continues to claim that his efforts are merely intended to prepare the groundwork for Geneva, his willingness to speak on behalf of the Arab parties who shun his direct talks with the Israelis convinces many that he is laying the groundwork for a

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Sadat, Assad, Begin: vanishing middle ground

CABINET SHAKEUP

U.S. Presses Japan On Trade Surplus

Prime Minister Takeo Fukuda's decision last week to replace most of his cabinet ministers and take new steps to stimulate the economy followed a warning from the Carter administration that Japan should make concrete proposals by December 15 to drastically reduce its huge trade surplus—or face protectionist measures against its goods. Japanese officials said they regarded the warning—delivered by a U.S. trade team during five days of talks in Tokyo last month—as an ultimatum. Fukuda was reportedly shocked by the strength of the U.S. demands, although he told his cabinet they were made for the benefit of the entire world economy. Fukuda indicated that he would adopt new pump priming measures and promised to encourage more imports, but it is not yet clear whether the steps will satisfy the U.S.

This year Japan is expected to sell a record \$18 billion more in exports than it will buy in imports from its trading partners. About half of this surplus will be with the U.S. By contrast, Japan's total trade surplus last year was \$9.9 billion.

The U.S. is urging the Japanese government to approach the problem from three angles:

- restrain Japanese exports
- stimulate Japan's domestic economy through tax breaks and government spending. This would theoretically increase consumer demand, so that Japanese industry could sell more goods at home and rely less on exports. Increased demand could

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U.S. Firms Train Rhodesians

A project funded by U.S. corporations to train future members of a Western-oriented multiracial government of Zimbabwe (Rhodesia) has backfired on its sponsors. Thirteen of 25 Rhodesian students—19 blacks, 3 whites, 2 Asians and one “colored”—have dropped out of a program that began in September at Carnegie-Mellon University in Pittsburgh. The disenchanted students, all of them black, say they were “duped” into enrolling in a “politically motivated” program designed to train a new pro-Western Rhodesian elite to work in government and civil service. One student has already gone home, having demanded and received a return ticket to Rhodesia from the university administration. Four others are also seeking return tickets, while another eight students have stopped attending

classes and are trying to secure scholarships to other U.S. colleges.

The program—with courses in subjects like public management, fiscal policy, cost-benefit analysis and economic development—was conceived by E. F. Andrews, vice-president of Allegheny Ludlum Industries Inc., a Pittsburgh-based steel company which relies heavily on Rhodesian chrome. For years, Andrews was an outspoken lobbyist in favor of the Byrd amendment, which permitted U.S. trade with Rhodesia despite UN sanctions. The steel executive says his firm's purpose in promoting the Carnegie-Mellon training program is to ensure that “the free enterprise system and a Western-oriented government” continue to flourish in Rhodesia after white-minority rule is phased out.

Union Carbide, which owns chrome mines and a smelting operation in Rhodesia, also has contributed money to the program, along with four other large U.S. corporations which have provided funds on the condition that their contributions remain anonymous. The project has the backing of Rhodesia's relatively liberal Whitsun Foundation and several U.S. foundations. It was approved by officials of Prime Minister Ian Smith's government and won special clearance from the U.S. State and Justice Departments.

The black students who quit the program told *Internews* they were originally

attracted by an ad in a local Rhodesian newspaper offering a chance for qualified high school graduates to earn scholarships to go to college in the United States. No further details were given. Out of an additional 200 or so applicants who took a battery of tests in Salisbury, 25 were selected. The 13 who have refused to complete the training insist that they were not fully aware of the political purposes of the program until they read U.S. newspaper reports describing the project.

The Carnegie-Mellon project reflects increasing corporate involvement in the U.S. and British effort to negotiate an orderly transition to “moderate” black majority rule in Rhodesia. The *Washington Post* and *London Observer* reported recently that British multimillionaire Tiny Rowland—head of the Lonrho conglomerate, which has extensive investments throughout southern Africa—arranged a secret meeting September 25 in Lusaka between Ian Smith and Zambia's President Kenneth Kaunda.

If the Anglo-American plan for Rhodesia is adopted, corporations would be involved in an even more direct role through the proposed \$1.5 billion “Zimbabwe Development Fund” aimed at safeguarding foreign investment and promoting capitalist development under black rule. Union Carbide, U.S. Steel, and other U.S. corporations have expressed their support for the plan. —ST



Downtown Salisbury

Japan

[continued from page 1]

also mean more imports.

- boost imports of farm products and double Japan's purchases of foreign manufactured goods by cutting tariffs and removing other barriers. The U.S. complains that only 20 percent of Japan's imports are manufactured goods, compared to 53 percent for the U.S. and 66 percent for West Germany. Japan argues that its ratio is different, because it is far more dependent than other industrialized nations on imports for raw materials and food.

Under stiff Western pressure, the Japanese government announced a \$7.6 billion domestic pump priming package in October, although officials warn that its effects will take at least a year to be felt. Japan has also begun emergency purchases of \$548 million in imported oil, copper, uranium, zinc and corn. Fukuda has stated that his goal is to make emergency imports of \$3 billion to help reduce Japan's trade surplus. Japan also ac-

cepted an “orderly marketing agreement” this year limiting the export of color TVs to the U.S.

Additional “drastic” steps called for by Japan's trading partners present difficult political problems for the Fukuda government. Although Japan's economy is the fastest-growing in the industrial world, it is also beset with problems. Industry is operating at 70 percent of capacity. Bankruptcies are at an all-time high. Consumer demand is sluggish—which is why many industries have turned

increasingly to exports to keep production up. Unemployment, now about 2 percent, is low by U.S. standards. But it is at an 18-year high in Japan and is a sensitive political issue. And the rising yen is cutting exports and growth (see box).

In this setting, a government effort to significantly reduce exports would be politically touchy, since it would threaten jobs and economic growth in Japan. Such a move could also reduce consumer demand and business investment in Japan, since it would create fears of recession.

EXPORTS AND THE RISING YEN

One factor that is cutting into Japan's exports is the recent surge in value of the yen. The yen has risen 22 percent against the dollar since January. That means that Japanese manufacturers have to raise the prices of their products in the U.S. just to receive the same amount of yen for them. The higher prices make Japanese products less competitive.

For U.S. steelmakers or car manufacturers, the rising yen is welcome news. From the Japanese point of view it is bad news. In fact, the “expensive” yen has become one of the hottest political issues in Japan.

Manufacturers are worried about future sales. Unions are concerned about jobs. Prime Minister Fukuda acknowledged Nov. 25 that the rising value of the yen would make it impossible for Japan to reach its anticipated growth rate of 6.7 percent for the current fiscal year.

In theory, the appreciation of the yen should help correct Japan's trade imbalance by reducing exports and encouraging imports, which are cheaper. However, since so much of what Japan imports is raw materials for manufacturing, a decline in exports (which causes a decline in production) can actually mean fewer imported goods regardless of the price.

Smith Opts for "Internal Settlement"

Ian Smith, Rhodesia's willful white-minority leader, is once again venturing out on his own, bypassing the latest U.S.-British settlement plan, ordering large-scale military raids against Zimbabwean guerrillas in Mozambique, and offering an "internal settlement" to "moderate" black leaders. If Smith is successful in negotiating a political deal with Methodist Bishop Abel Muzorewa, ex-guerrilla leader Rev. Ndabaningi Sithole, tribal chief Jeremiah Chirau or any combination of the three, the political and military situation in Rhodesia could become increasingly confused and intractable. An internal settlement would not end the fighting since neither Muzorewa, Sithole nor Chirau controls any of the guerrilla forces. But it would mean that ZANU and ZAPU, the two guerrilla groups allied in the Patriotic Front, would find themselves fighting a multiracial government—however unrepresentative of Zimbabwe's 6.5 million black majority—instead of just Smith's white-minority regime.

Smith launched his most recent effort at achieving his long-sought internal settlement November 24 when he said the Anglo-American initiative had failed and announced his qualified acceptance of the principle of one-person, one-vote. Rhetorically, it was a major departure for Smith, who only last year was saying that "never in a thousand years" would he accept the principle of majority rule and

certainly never during his lifetime. However, in concrete terms, there appeared to be little change in Smith's thinking. He told reporters his support for democratic voting rights was contingent upon obtaining what he called "safeguards" for Rhodesia's ruling white minority. In particular, he insisted that the armed forces and civil services remain "non-political"—Smith's codeword for white-dominated.



Rhodesian-style strategic hamlet

Smith offered to hold talks in Salisbury with Muzorewa, Sithole and Chirau, and within days of the offer each of them agreed to take part. However, the Patriotic Front rejected Smith's new proposals. "Smith is just buying time," said Joshua Nkomo, co-leader of the Front. "Any agreement reached without the

Patriotic Front will not solve the problem or end the war." Britain and the U.S. initially said Smith was taking "a step in the right direction," although the Carter administration later stressed that any settlement must include "all parties," a reference to the Patriotic Front.

While Smith was announcing his willingness to accept a qualified version of one-person, one-vote, his ground and air forces were already striking at a guerrilla transit camp near Chimoio, 80 miles inside Mozambique. Mozambique's official news agency and UPI correspondent Tony Avirgan who was in Chimoio reported that the Rhodesian attack included bombing raids (by French-built Mirage jets obtained from South Africa, according to Mozambique), and assault by helicopter-borne troops. In the attack on Chimoio and another transit camp in Tete province near the Cabora Bassa dam, the Rhodesians claim to have killed a staggering 1,200 Zimbabwean guerrillas. Patriotic Front co-leader Robert Mugabe said the attacks on the two transit camps caused 100 deaths, mostly women and children. A correspondent for the *London Observer* who toured the wreckage of the Chimoio camp reported finding 70 bodies. Six hundred people, he said, were wounded. The Rhodesian raids reveal once again the vulnerability of the guerrillas—who lack adequate anti-aircraft weaponry—to air attack. —ST

Fukuda faces other political problems, not unlike those found in the U.S. Further stimulus programs entail the risk of plunging the country into a new round of inflation. Boosting agricultural imports is unpopular with Japanese farmers, who are an important constituency for the ruling Liberal Democratic Party, which has a narrow majority in parliament.

The latest U.S. warnings to Japan have been accompanied by unofficial press reports that the Carter administration—under pressure from steel and other industries affected by imports—is prepared to take tough action if Tokyo does not respond. *Newsweek* magazine quoted a "top official" in its November 21 issue as saying that if Japan does not start buying U.S. goods, the result will be "draconian measures against Japanese goods." The magazine reported that a "mood of determination to crack down on Japan has now reached all levels of the Carter administration."

The U.S. is particularly anxious to get public commitments from Japan before the next round of multilateral trade talks

opens in Geneva in January. The Carter administration has been pressing for the 97 nations involved to agree to a sweeping removal of trade barriers as the best way to restore solid growth to the Western economies. Many economists say that if the trade talks fail, industrial nations will individually begin erecting their own trade barriers, unleashing a wave of protectionism that will further dampen growth in the industrialized nations.

If Japan has not done anything about its surplus before the January meeting, many nations will be in no mood to lift barriers to imports. The president of the European Common Market warned Japan in October that a return to protectionism in Europe is likely if Tokyo has not reduced its surplus before the new round of trade talks. And members of Congress have indicated they may begin considering higher quotas and tariffs when Congress reconvenes in January.

Another reason for U.S. pressure on Japan is the ballooning U.S. trade deficit, which is expected to reach a record \$30 billion this year. Increased imports of

U.S. goods by Japan could help reduce it. However, as administration officials have pointed out, the large U.S. deficit is a result primarily of oil imports and the fact that the U.S. has recovered from the 1973-74 recession more quickly than have many of its trading partners. As a result, the U.S. is pulling in more imports while other nations are unable to buy a comparable amount of U.S. goods. —JA

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SHAH PLEDGES SUPPORT

U.S. Campaigns for Oil Price Freeze

Oil ministers from the 13-nation Organization of Petroleum Exporting Countries (OPEC) are scheduled to meet in Caracas, Venezuela, December 20 to set oil prices for 1978. Most analysts have been predicting a moderate price rise—around 5 percent. The Carter administration has been campaigning vigorously for a price freeze. Secretary of State Vance warned last month that any increase at all would be “catastrophic” for the industrialized nations. After a two-week trip that included Saudi Arabia, Iran and Kuwait, Treasury Secretary Michael Blumenthal indicated last month that he was hopeful OPEC would freeze prices, possibly for all of next year.

The U.S. has been trying to persuade the oil producers that a price hike is not in their own best interests, since it would force up unemployment and inflation in the Western industrialized countries. Inflation, say U.S. officials, will come back to the oil producers in the form of higher prices on the manufactured goods they purchase from the West. Growing investments in the U.S. and Europe by Arab countries—particularly Saudi Arabia—also give them a greater stake in the prosperity

of industrialized nations.

The biggest victory so far in the administration's price freeze campaign was the Shah of Iran's promise November 16 to oppose a price hike in Caracas. Before coming to Washington, the Shah had indicated that Iran would “remain a spectator” at the OPEC meeting. He attributed his change of position to his talks with President Carter. But the Shah is also anxious to get approval from a reluctant Congress for massive arms purchases next year, including 140 F-16 fighters. The White House insisted that there had been no quid pro quo, but Iran's cooperation on oil prices cannot hurt its chances with Congress.

At the other end of the price spectrum, Iraq has said it will seek a 23 percent price increase. Venezuela says it is hoping for a 5 to 8 percent rise, and a visit from Secretary of State Vance to Caracas November 23 failed to change President Carlos Andres Perez's mind. Perez told reporters afterwards: “If they tell me they will freeze the price of steel, of machineries, of tractors, I will without a second's hesitation lead the campaign to freeze oil prices also.”

The key to the outcome in Caracas is likely to be Saudi Arabia, and Saudi oil minister Sheik Ahmed Zaki Yamani has a penchant for dramatic last-minute announcements. Last December, he forced a pricing split in OPEC by refusing to go along with a 10 percent price increase. The split lasted until June, when the Saudis agreed to go up to 10 percent, and other OPEC members abandoned plans for a further rise this year.

The OPEC nations are reportedly determined to avoid a repeat of last year's split and are trying to work out an agreement in advance. But the Saudis' position is still a mystery. The Shah indicated during his Washington trip that Saudi Arabia, the largest exporter, would join Iran in opposing a price increase. That would presumably ensure a freeze. But other reports from the Middle East indicate that Yamani has been discussing a 5 percent increase, largely because of the deterioration of the dollar. The falling value of the dollar has been cited by some OPEC members as a reason for raising prices, since they are paid in dollars for their crude.

—JA

Vance Cautions Brazil, Argentina

The dangers of nuclear proliferation—and warnings of a potential nuclear arms race between Brazil and Argentina—dominated Secretary of State Cyrus Vance's talks in Buenos Aires and Brasilia late last month. Both countries are on the threshold of becoming nuclear powers, and the Carter administration is clearly worried about it. Argentina has led nuclear industry development in Latin America for the past 20 years and is on the way to developing its own plutonium supply. Its Atucha nuclear plant—the seventh largest in the world—is the only operating nuclear power facility in Latin America. And, according to the president of the Argentine Atomic Energy Commission, Argentina now “has the human and technical capability to produce an atomic bomb.”

Brazil's military government is about to acquire nuclear reprocessing technology as part of a \$5 billion (some reports say \$9 billion) nuclear power accord signed in 1975 with West Germany. Under the deal, Germany will help build facilities to recycle nuclear fuel to recover plutonium, which could be used in nuclear weapons. Although Brazil's govern-

ment says it will use the technology only for peaceful purposes, the *New York Times* reported recently that there is a “widespread assumption” among Brazilian politicians, business executives and journalists that the military government wants nuclear weapons. The Argentine junta is reportedly also convinced its neighbor and traditional rival wants to become a nuclear power.

Argentine leaders reportedly told Vance they would suspend efforts to produce plutonium if Brazil agreed to defer

reprocessing. The Argentine foreign minister also announced that Argentina would ratify the 1969 Tlatelolco Treaty which would make Latin America a nuclear-free zone. Brazil has already ratified the treaty, but it will not come into force until all eligible countries approve it. So far several—including Cuba—have not. In fact, the Carter administration has warned the Brazilians that if they insist on going through with the sensitive parts of the German deal, Cuba may also seek reprocessing technology.

Vance reportedly brought no new proposals with him to Brasilia, and the Rio de Janeiro daily *O Jornal do Brasil* speculated that he was mainly preparing the way for more serious negotiations when President Carter visits Brazil early next year. The *Washington Post* recently reported that the Carter administration has given up trying to stop construction of the reprocessing facility, and is now trying to get Brazil to turn it into a “regional” factory for spent fuel from all over South America, with strict safeguards to assure that the resulting plutonium is not used to make weapons.

—EF



Vance: warning of nuclear race

SOMALIS IN RACE AGAINST TIME

Can Ethiopia Hold Out?

Ethiopian and Somali forces last week were locked in what could be the decisive battle of the five-month war for control of Ethiopia's Ogaden desert. The focus of the fighting is an ancient walled city, Harar, in the mountains overlooking the Ogaden. Somalia—which has captured nearly one-third of Ethiopia's territory since the fighting began in earnest last July—is racing against time to take Harar and the nearby strategic city of Dire Dawa, which is Ethiopia's forward military base and the third largest city in the country. Control of the two mountain towns has historically been the key to holding the desert below.

After a two-month lull in the fighting, caused by torrential rains that turned the Somali supply routes into muddy rivers, the Somalis are in a hurry. Their supply lines are growing longer and more vulnerable. Their supplies of heavy arms are dwindling and are apparently not being replaced. But most of all, the Somalis fear that delays will give the Ethiopians time to make full use of their new Soviet-supplied arms.

Time appears to favor the Ethiopians. The military government is desperately trying to hold the line at Harar in order to gain time to re-equip and re-train its army with Soviet weapons and prepare a counter-offensive to recapture the Ogaden. Diplomats say Ethiopia has rushed newly delivered Soviet T-55 tanks, long-range guns, and anti-aircraft missiles to the front. Regular troops have been pulled back for retraining while militia units hold the line near Harar. Ethiopian head of state Mengistu Haile Mariam recently went to Harar to boost morale, and Western reporters say Cuban advisers are concentrating their efforts there.

For both sides, the problem of securing arms has become critical, since both are cut off from their traditional suppliers. Ethiopia has been receiving Soviet arms since March, but it is still scrambling for supplies to keep its U.S.-supplied equipment functioning.

David Ottaway of the *Washington Post*, probably the most reliable U.S. reporter in the region, gave the following account of foreign support for Ethiopia six weeks ago: Libya is reportedly providing money, arms and diplomatic support; the Israelis a score or so of military advisers, some security support and spare parts for U.S.-made weapons; South Korea uniforms for the army and peasant militia; and West Germany advisers and materiel for the police. Cuba has sent

SOVIET ARMS TO ETHIOPIA

According to a report in the *Baltimore Sun* Oct. 17, diplomats and other sources in the Ethiopian capital of Addis Ababa give this rundown of Soviet weapons received by Ethiopia in the past six months:

- 300 armored vehicles, including 180 tanks.
- 30 multiple rocket launchers, known as "Stalin organs"
- 200 heavy field guns and anti-aircraft artillery
- 8 batteries of surface-to-air missiles
- 48 crated MIG-21 fighters (40 for combat, 8 for training and reconnaissance)
- about 8 helicopters and 4 missile-firing patrol boats

mostly doctors, but also has 50 to 100 military advisers. (Cuba has denied having any combat troops in Ethiopia. The State Department now claims that Cuba has 400 military advisers there.) East Germany and the Soviet Union are providing the bulk of the arms and munitions.

The *Baltimore Sun* reported in October that diplomats say that "more than 100 Soviet military personnel and a nearly equal number of East German officers" are now in Ethiopia "to deliver the new arms and train Ethiopian soldiers to use them. None of the Russians or East Germans has been reported to be playing an active combat role." The cost of the Soviet arms shipments has been estimated at between \$385 million and \$500 million.

Somalia, meanwhile, is trying to find munitions and spare parts for its Soviet-supplied equipment, now that it has broken military ties with Moscow. The Soviets say they actually cut off shipments of heavy equipment to Somalia last summer when the Ogaden war heated up. At the same time, Somalia is trying to persuade Western nations to begin selling it arms. Shortly before announcing his break with Moscow November 13, Somali President Siad Barre reportedly called in ambassadors from the U.S., Britain, France, Italy and West Germany to appeal for concerted action to contain Soviet influence in Ethiopia. Although Western countries reportedly plan to increase food aid to Somalia, there has been no indication so far that the U.S., Britain or France has changed its position of refusing arms sales to Somalia as long as the fighting continues. Somalia has reportedly tried to get the U.S. to channel arms to it through Saudi Arabia, Iran or West Germany—apparently without success.

So far, however, new assistance to Somalia has come primarily from Arab powers, and it is reportedly insufficient

to sustain a prolonged war. Saudi Arabia is said to have promised \$400 million and already financed \$100 million in arms for Somalia. Other Arab countries have pledged \$350 million. Some are thought to have sent Soviet supplies from their own stocks. The Somalis have also captured large quantities of tanks and other U.S.-made equipment from Ethiopia. But its soldiers are unable to use the equipment, and there is talk in Somalia of trading it for Soviet stocks—perhaps through European arms merchants.



Captured Ethiopian tank

Whether Ethiopia can hold out long enough to take advantage of its own new Soviet arms and of Somalia's lack of new weapons depends largely on two factors: troop morale and the internal stability of the Ethiopian military government. Ethiopia's Third Army, which is the main force defending Harar, turned and ran two months ago when Somali-backed forces attacked the tank and radar base of Jijiga. The government is hoping that morale has been boosted through the infusion of new arms and new training.

The government itself is caught up in a deadly power struggle that reaches not only through the military leadership, but to the various civilian groups that support it as well. In the last month, assassins have killed the information minister of the military council, a member of the council, and a leader of the neighborhood dwellers association in Addis Ababa. In addition, the number two official in the ruling council, Lt. Col. Atnafu Abate, was apparently executed after being accused of trying to slow the pace of the revolution to concentrate on the war effort. Diplomats in Addis Ababa say gunfire is heard daily in the capital.

Ethiopia's military leaders—and their Soviet allies—are gambling that the Ethiopians can overcome these difficulties, and that if they do, the arithmetic of arms and troops is on their side.

—JA

internewsroundupinternewsroundup

THREE FACE DEATH SENTENCE

Pres. Ferdinand Marcos announced Nov. 29 that the trial of three well-known political prisoners facing the death sentence would be reopened. Four days earlier, a military tribunal had sentenced opposition politician Benigno Aquino and two leaders of the outlawed New People's Army to die before a firing squad. Charges against the three include subversion, murder and illegal possession of firearms. All three refused to recognize the legitimacy of the military tribunal which was set up when martial law was declared in 1972. The Philippine government is under international pressure in the case. The State Dept. expressed concern over the death sentence against Aquino, and the U.S. abstained on an Asian Development Bank loan to Manila Nov. 29 to reflect "general concern" over human rights problems in the Philippines. However, the U.S. has said nothing about the two guerrilla leaders who face the same sentence. There is speculation that Marcos will use the reopened trial to reduce Aquino's sentence, while executing the two communist leaders.

Aquino, a member of a politically prominent family, was the leader of the opposition Liberal party, and the most likely figure to replace Marcos as president. He was arrested shortly after martial law was declared. The second defendant, Bernabe Buscayno, also known as Commander Dante, is the former commander of the New People's Army. Victor Corpus, the third defendant, is a former lieutenant in the Philippine Army who defected to the New People's Army in 1970. On Nov. 19 the government also announced the capture of the head of the New People's Army, Jose Maria Sison.

SOCIALIST GOVERNMENT NEAR COLLAPSE

Portugal's moderate Socialist party government is making a last-minute effort to stay in power. The Socialists, led by Prime Minister Mario Soares, are trying to win both Communist and right-wing party support for a national austerity program to cope with Portugal's worsening economic crisis. If the effort fails, Soares's 17-month-old minority government will likely fall this week. The underlying problem is Portugal's battered economy. The country has a \$1.3 billion balance-of-payments deficit, inflation is running at 30% and unemployment has hit 16%—not counting the more than one million Portuguese emigrant workers in France and other Western European nations.

Prime Minister Soares and his Socialist party have turned to the International Monetary Fund for help. The IMF has agreed to loan Portugal \$50 million and administer a \$750 million loan from the United States, West Germany and other Western countries which approve of Soares's social democratic views—on the condition that Portugal adopt what the London *Economist* calls "brutal" austerity measures. The IMF wants increased taxes, a ceiling on wages and tighter credit. The result is widely expected to be increased unemployment and forced bankruptcy for many smaller companies. The IMF measures are strongly opposed by trade unions and small business owners.

The Communist party is bitterly critical of the IMF plan but is willing to support the Socialists in return for other concessions. However, the two leading right-wing parties—the Social Democrats and the Center Democrats—will not back the Socialists unless they are asked to join a governing coalition. The right-wing parties also refuse to endorse a national economic plan that has the support of the Communists.

However, the two leading right-wing parties—the Social Democrats and the Center Democrats—will not back the Socialists unless they are asked to join a governing coalition. The right-wing parties also refuse to endorse a national economic plan that has the support of the Communists.

POLAROID PULLS OUT

The Polaroid Corporation's decision last month to cut off its shipments of its products to South Africa was the result of a secret document leaked by an employee, an exposé in the *Boston Globe*, and the organizing efforts of a group of black workers at Polaroid's Cambridge, Massachusetts, headquarters. In South Africa, Indrus Naidoo—a member of the African National Congress—discovered evidence showing that Polaroid's local distributor, Frank and Hirsch, was selling Polaroid products directly to the South African government for use in the notorious passbook identification system. That violated a 1971 agreement which forbid direct sales of Polaroid film to the apartheid regime—an agreement forced by black employees of Polaroid in the U.S. who were pressuring the company to withdraw from South Africa. Naidoo sent his evidence of the sales to the New York-based American Committee on Africa (ACOA), which gave the story to the *Boston Globe*. The *Globe* exposé and pressure from the ACOA compelled Polaroid to investigate. Polaroid confirmed the charges and terminated its relationship with Frank and Hirsch. Polaroid also announced it had no plans to find another South African distributor—making it one of the first U.S. corporations to withdraw from South Africa.

The ACOA called the Polaroid decision "a victory for all those opposed to the apartheid regime" and especially for Ken Hunter and Caroline Williams, two black workers who were fired by Polaroid for organizing the campaign against the corporation's involvement in South Africa.

NEW TALKS: MORE DEADLOCK OR MAJOR PROGRESS?

U.S. and Vietnamese officials are to resume talks in Paris this week. The negotiations will be the third round of talks aimed at normalizing relations between the two governments. Assistant Sec. of State Richard Holbrooke will again meet with Vietnam's Deputy Foreign Minister Phan Hien. The State Dept., in announcing the new round of talks Nov. 23, added that Holbrooke had recently met with senior Vietnamese officials at the UN.

A Vietnamese official in Paris told Reuter Nov. 24, "We are confident major progress will result from the next round of talks." But a State Department spokesperson said that the U.S. had not changed its position opposing aid to Vietnam, which is now the main obstacle to normalization of relations. Vietnam had demanded that the U.S. make some contribution to healing the wounds of war. But the Carter administration, under congressional pressure, has ruled out direct U.S. aid to Vietnam or even indirect aid through such multilateral institutions as the World Bank. The Vietnamese have indicated they may be willing to accept U.S. aid through UN agencies such as UNESCO or the UN Development Fund, but they insist on the principle of some U.S. financial compensation.

There has been no indication so far that the administration will agree to the UN conduit or some other compromise on the aid issue to break the deadlock. And State Dept. officials have said privately that normalizing relations with Vietnam is a low priority now for the Carter administration.

CARTOON/LURIE



IMF PRESSING TOUGH AUSTERITY MEASURES*

The International Monetary Fund (IMF) has suspended negotiations with the Turkish government for crucial loans to help solve Turkey's most serious foreign currency crisis in the past 50 years. A five-member IMF team left Ankara Nov. 15 reportedly after failing to obtain agreement from the right-wing coalition government of Premier



Suleiman Demirel

Suleiman Demirel to a long list of harsh austerity measures. The IMF reportedly wants a 15 to 20% devaluation of the Turkish lira—on top of a 10% devaluation in September—which would increase the cost of imports and stimulate exports to cut Turkey's massive trade deficit of nearly \$4 billion this year. The IMF also wants the government to slow down the

country's rate of growth from nearly 8% to 5%. A growth rate of 8% is required just to create enough jobs to prevent unemployment from rising above the current 15%. The IMF reportedly also wants a tightening up of state-run industries, which would entail firing large numbers of workers, further increasing unemployment.

The government had hoped to get a clean bill of health from the IMF mission, both to obtain emergency IMF loans and to gain access to various other international institutions and banks for similar loans. But the tough measures sought by the IMF have met stiff resistance both inside and outside the government. Critics argue that the austerity measures will lead to factory shut-downs, increased unemployment, and a worsening of the country's 30% inflation.

GOVERNMENT ANTI-LABOR OFFENSIVE

A newly formed Trade Union Committee Against Repression (TUCAR), which groups some 26 labor unions representing 60,000 workers, has called for a series of mass demonstrations and work stoppages to protest an "anti-labor" offensive by the government. TUCAR also charges that a police "death squad" is responsible for the murder last month of labor leader Juan Rafael Cabellero, who was an organizer for the Teamsters Union. Several thousand union members demonstrated in San

Juan Nov. 11 to demand that Governor Carlos Romero Barcelo name a non-partisan committee to investigate that allegation. The Teamsters say they have evidence that the "death squad" tortured and murdered Cabellero in retaliation for the earlier killing of a corporate lawyer, Alan Randall. Randall's body was found with a note charging that he worked with the CIA. He was a senior partner in a prestigious Puerto Rico law firm and had previously worked for the National Labor Relations Board, which has taken controversial steps in recent years to restrict organizing activities by more militant unions in Puerto Rico, such as the National Workers Union. The police investigation of Randall's murder has focused on a Teamsters' local closely aligned with pro-independence groups, and TUCAR charges Randall's death is "being used as an excuse to attack trade unions and labor leaders." Juan Mari Bras, secretary-general of the Puerto Rican Socialist Party, which has been active in organizing TUCAR, has urged independent organizations and unions to "cast aside minor differences to deal with the situation."

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INTERNEWSITEMSINTERNEWSITEMSINTERNEWSITEMSINTERNEWSITEMSINTERNEWSITEMSINTERNEWSITEMSINTERNEWSITEMSINTER

SOUTH AFRICA: More than 700 people are being detained without trial in South Africa, according to the Institute of Race Relations. (Reuter 11/28) • **GUINEA:** Guinea has quietly stopped allowing Soviet reconnaissance planes to use its airfields, and a high-level Guinean mission has visited Washington to explore prospects for improved ties with the U.S., provoking debate over whether to give Guinea arms aid. (*New York Times* 11/19) • **ZAIRE:** A syndicate of U.S., European and Japanese banks is close to completing a new \$250 million loan to Zaire to insure that the banks will be repaid for previous loans to Zaire totaling over \$400 million. (*NYT* 11/18) • **CAMBODIA:** Burma's Pres. Ne Win became the first foreign head of state to tour Cambodia since the communists took power in 1975. (Agence France Presse 11/29) • **ARMS:** The U.S. and Soviet Union will begin talks in Washington in December on limiting arms sales. (Reuter 11/25) The U.S. Air Force began a vigorous sales drive for its AWACS, a highly advanced surveillance plane which the U.S. hopes to sell to NATO. (Reuter 11/25) • **IRAN:** Former CIA director Richard Helms has opened an international consulting firm to develop business interests in the U.S. for Iranian companies. (*Washington Post* 11/17) • **SOUTH YEMEN:** South Yemeni women voted for the first time in their country's elections. (Reuter 11/16) • **OIL:** A Soviet team is touring the British sector of the North Sea, looking at British platform technology to develop Soviet offshore fields in the Caspian Sea. (Reuter 11/24) • **CUBA:** Executives from about 50 U.S. companies held a 3-day

meeting in Havana with Cuban officials at a round-table organized by Business International. (Prensa Latina 11/21) • **CHILE:** Three Chilean women who went to the U.S. to appeal for help for missing relatives have been barred from re-entering Chile unless they sign a statement pledging not to participate in political activity. (Reuter 11/26) • **PERU:** After nearly a year of negotiation, the IMF announced a \$104 million credit to support the Peruvian government's tough new stabilization program. (AFP 11/18) • **MEXICO:** The national oil company announced that Mexico's proven oil reserves are now 16.8 billion barrels and potential reserves are 120 billion barrels, slightly less than Saudi Arabia's proven reserves. (*Economist* 11/12) • **YUGOSLAVIA:** Yugoslavia has initiated quiet discussions with Greece, with NATO approval, over the terms of a mutual defense agreement. (*WP* 11/12) • **ECON. GROWTH:** Officials of the OECD, which groups 24 leading industrial nations, said that members will undershoot growth targets for the second year running in 1978, with overall growth dropping to 3% in the second half of the year. (*NYT* 11/22) • **STEEL:** A government steel task force recommended establishing a reference price system that would automatically trigger penalties against imported steel selling below a set price. (*NYT* 11/30) • **CHINA:** Millions of students are taking China's first college entrance exams in 11 years. (Reuter 11/30) • **THAILAND:** Thailand says it plans to invite a Vietnamese delegation to Bangkok to improve relations and plans to send officials to Cambodia and Laos on similar missions. (AP 11/13)

Sadat

[continued from page 1]

separate peace—complete with the alibi that the Syrians and Palestinians passed up the chance to participate themselves.

Sadat's course of action already seems to have passed the crucial test of public opinion in Egypt. No Nasserist officers have risen up to overthrow the Egyptian president for his heretical overtures to Israel, and the early resignation of two consecutive foreign ministers who objected to Sadat's trip to Israel has had no wider consequences to date. The Cairo press has emphasized photographs and official texts indicating that the Egyptian military fully supports Sadat. There may be an element of hype in this media treatment, but it is widely accepted that the military has no desire to provide Israel with a pretext for a pre-emptive strike. The military balance (see last issue) heavily favors Israel at present, and even a pro-Soviet coup would be unlikely to bring a swift and massive shipment of Soviet supplies to replace Egypt's 1973 losses. Sadat's break with Moscow and the impossibility of Egypt's buying sophisticated arms from the U.S. have effectively neutralized the Egyptian military for the foreseeable future.

Moreover, few technocrats would question Sadat's claim that Egypt cannot solve its dire economic problems as long as so much of its budget—\$4.4 billion—goes to defense spending. Most observers also recognize that Egypt will never attract much foreign investment as long as the risk of war is ever-present. A final factor widely noted in Egypt is that Israel is obviously more willing to make concessions on the Sinai front than anywhere else. Sadat undoubtedly feels that he stands to satisfy his public with the concessions he would achieve even in a separate peace.

But besides his public, Sadat must also satisfy his chief financial backer, Saudi Arabia. Many commentators assume that Sadat would not have launched his dramatic initiatives without some degree of prior Saudi approval, yet it also appears that the Saudis remain committed to a

Geneva settlement involving concessions to the Palestinians. Palestinian intellectuals—the engineers in the oil fields and the teachers in the desert schools—remain a formidable influence on public opinion in the sparsely populated Arabian peninsula. By contrast, Palestinian influence is much less significant in overpopulated Egypt. Jerusalem, too, has had special importance for the Saudis, as the historical guardians of the Islamic faith. The interests of the modernizing Palestinian engineers and the arch-conservative religious authorities coincide to make Saudi opinion surprisingly militant on the question of Palestine.

One major question right now is how strongly the Saudis are committed to the PLO as the organizational embodiment of the Palestinian cause. Most commentators noted that Sadat conspicuously failed to mention the PLO by name in his public remarks in Israel, and Israeli sources insisted that he had not advocated the PLO cause in private talks either. Henry Kissinger remarked that Sadat mentioned no timetable in connection with his proposal of a Palestinian state. Several sources suggested that Sadat would like to see the Palestinians represented in peace talks by West Bank notables—some of whom he has invited to Cairo for consultations—and other non-PLO figures, including an American professor of Palestinian descent. The press has given less attention to the fact that Sadat's initial declaration of his willingness to go to Israel was made during the peak of Israel's military campaign against the Palestinians in southern Lebanon.

In spite of all this, the PLO has tended to temper its attacks on Sadat. As an umbrella organization, the PLO is a virtual microcosm of Arab politics. Its "Rejection Front" factions are already aligned with Iraq and Libya. Syria sponsors the Saiqa guerrilla group. The independent "moderates," including Arafat's Fateh, have tried to maintain an element of support from Egypt, Syria and Saudi Arabia, avoiding too much dependence on any one state. Now that Sadat has closed down Fateh offices in Cairo, silenced the Voice of Palestine Radio, and expelled leading Palestinian officials, the PLO is forced into an uneasy alliance with—and dependence on—Syria. One PLO official commented in the aftermath of Sadat's visit to Jerusalem, "when these splits in the Arab world take place, we are always on the anvil."

Neither Syria nor the PLO really wants to join the radical Arab states which oppose all negotiations with Israel. Syria has a bitter rivalry with Iraq, and frequently accuses Iraqi agents of bombings and as-

sassination plots in Damascus. The PLO does not want to be dominated by countries which already have their own protégé groups inside the Palestinian umbrella organization.

In the days ahead, both Syria and the PLO are likely to favor a strengthening of Saudi influence in Arab politics and of U.S.-Soviet influence in Mideast diplomacy. These options may be at odds with the official rhetoric of both parties, but they are the courses most consistent with their actions of the past year. UN Secretary-General Waldheim's call for pre-Geneva talks at the UN or elsewhere involving all the parties whom Sadat invited to Cairo could have been attractive to Egypt's less radical critics, but Israel is cool to the idea. Waldheim suggested that even those who did not accept Sadat's invitation to have direct talks with the Israelis in Cairo—meaning the Syrians and the PLO—should have a further opportunity to explore the issues which should be negotiated at Geneva. Waldheim's proposal represented an attempt to sidestep Sadat's personal diplomacy and restore a comprehensive middle-of-the-road option in the dangerously polarized Middle East, but the odds are weighted more and more heavily against such choices.

—RS

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